

HAZELTON TOWNSHIP
SHAIWASSEE COUNTY, MICHIGAN
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Hazelton Township	County* SHIAWASSEE	Type* TOWNSHIP	MuniCode*
Opinion Date-Use Calendar* September 22, 08	Audit Submitted-Use Calendar* September 23, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan as revised (see Appendix H or Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$200,888
General Fund Expenditure:	? \$213,012
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$128,540
Governmental Activities Long-Term Debt (see instructions):	?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Barry	Last Name* Gaudette	Ten Digit License Number* 1101011050		
CPA Street Address* 731 S. Garfield Ave.	City* Traverse City	State* MI	Zip Code* 49686	Telephone* 2319468930
CPA Firm Name* Barry E. Gaudette, CPA, PC	Unit's Street Address* 7505 Orchard Street	Unit's City* New Lothrop	Unit's Zip* 48460	

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INTRODUCTORY SECTION

**Hazelton Township
List of Elected Officials
March 31, 2008**

ELECTED OFFICIALS

James R. Sheridan	Supervisor
Rebecca M. A. Hart	Clerk
Cheryl Pope	Treasurer
Allan Gross	Trustee
Tony Newman	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Hazelton Township
Shiawassee County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hazelton Township, Shiawassee County, Michigan (Township), as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hazelton Township, Shiawassee County, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hazelton Township
Independent Auditors' Report
Page Two

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Bary E. Sandell, CPA, PC

September 22, 2008

BASIC FINANCIAL STATEMENTS

**Hazelton Township
Statement of Net Assets
March 31, 2008**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 59,150
Taxes receivable	20,102
Prepaid insurance	13,422
Due from other funds	114,779
Capital assets (net of accumulated depreciation):	
Land & improvements	55,600
Buildings & improvements	900
Fire vehicles and equipment	89,807
Office equipment	<u>295</u>
Total assets	<u>354,055</u>
LIABILITIES	
Accounts payable	<u>2,571</u>
Total liabilities	<u>2,571</u>
NET ASSETS	
Invested in capital assets, net of related debt	146,602
Unrestricted	<u>204,882</u>
Total net assets	<u><u>\$ 351,484</u></u>

See notes to financial statements

Hazelton Township
Statement of Activities
For the Year Ended March 31, 2008

Functions /Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General				
Government	\$ 80,058	\$	\$ 2,200	\$
Public safety	56,774	1,000		
Public works	273,668	93,573	4,156	
Other	<u>14,405</u>		<u>3,252</u>	
Total governmental activities	<u>\$424,905</u>	<u>\$ 94,573</u>	<u>\$ 9,608</u>	<u>\$</u>

General revenues:
Property taxes & interest, fees
Licenses & permits
State revenue sharing
Interest earnings

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (77,858)
(55,774)
(175,939)
(11,153)

(320,724)

165,011
189
110,287
3,397

278,884

(41,840)

393,324

\$ 351,484

Hazelton Township
Balance Sheet
Governmental Funds
March 31, 2008

	<u>General</u>	<u>Garbage Collection</u>	<u>Road</u>
ASSETS			
Cash and cash equivalents	\$ 37,037	\$ 21,899	\$ 214
Taxes receivable	5,200	8,847	6,055
Prepaid insurance	13,422		
Due from other funds	<u>75,452</u>	<u>39,327</u>	<u> </u>
Total assets	<u>\$ 131,111</u>	<u>\$ 70,073</u>	<u>\$ 6,269</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 2,571</u>	<u>\$ </u>	<u>\$ </u>
Total liabilities	<u>2,571</u>	<u> </u>	<u> </u>
Fund balances:			
Unreserved, reported in:			
General fund	128,540		
Special revenue funds	<u> </u>	<u>70,073</u>	<u>6,269</u>
Total fund balances	<u>128,540</u>	<u>70,073</u>	<u>6,269</u>
Total Liabilities and Fund Balances	<u>\$ 131,111</u>	<u>\$ 70,073</u>	<u>\$ 6,269</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 59,150
20,102
13,422
114,779

\$ 207,453

\$ 2,571

2,571

128,540
76,342

204,882

\$ 207,453

Hazelton Township
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2008

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 204,882
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	454,489
Accumulated depreciation	<u>(307,887)</u>

Total Net Assets - Governmental Activities	<u>\$ 351,484</u>
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See notes to financial statements

Hazelton Township
Statement of Revenues, Expenditures, and Changes
In Fund Balance
Governmental Funds
For the Year Ended March 31, 2008

	<u>General</u>	<u>Garbage Collection</u>	<u>Road</u>
REVENUES			
Taxes & interest, fees	\$ 77,297	\$	\$ 87,714
Licenses & permits	189		
Intergovernmental revenue from State:			
State revenue sharing	110,287		
Annual maintenance fee	4,156		
Charges for services	1,000		
Interest earnings	2,507	878	12
Other revenue:			
Special assessments		93,573	
Sale of cemetery lots	2,200		
Reimbursements	<u>3,252</u>	<u> </u>	<u> </u>
Total revenues	<u>200,888</u>	<u>94,451</u>	<u>87,726</u>
EXPENDITURES			
Current:			
General government	79,925		
Public safety	31,625		
Public works	81,784	102,262	89,622
Other	14,406		
Capital outlay	<u>5,272</u>	<u> </u>	<u> </u>
Total expenditures	<u>213,012</u>	<u>102,262</u>	<u>89,622</u>
Net changes in fund balances	(12,124)	(7,811)	(1,896)
Fund balances-beginning	<u>140,664</u>	<u>77,884</u>	<u>4,372</u>
Fund balances-ending	<u>\$ 128,540</u>	<u>\$ 70,073</u>	<u>\$ 2,476</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 165,011
189

110,287
4,156
1,000
3,397

93,573
2,200
3,252

383,065

79,925
31,625
273,668
14,406
5,272

404,896

(21,831)

222,920

\$ 201,089

Hazelton Township
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2008

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances -	
total governmental funds	\$(21,831)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>(20,009)</u>
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Change in net assets of governmental activities	<u><u>\$(41,840)</u></u>
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See notes to financial statements

Hazelton Township
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2008

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 198,016
Total assets	<u>198,016</u>
LIABILITIES	
Due to other funds	114,779
Due to other governmental units	<u>83,237</u>
NET ASSETS	
Held in trust for other purposes	<u>\$</u>

See notes to financial statements

Hazelton Township
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2008

	<u>Agency Fund</u>
ADDITIONS	
Property tax collections, special assessments and fees	\$2,042,959
Interest earnings	<u>9,369</u>
Total additions	<u>2,052,328</u>
DEDUCTIONS	
Payments to other funds	258,583
Payments to other governmental units	<u>1,793,745</u>
Total deductions	<u>2,052,328</u>
Changes in net assets	
Net assets - beginning	<u> </u>
Net assets - ending	<u><u>\$ </u></u>

See notes to financial statements

Hazelton Township
Notes to Financial Statements
March 31, 2008

I. Summary of significant accounting policies

The financial statements of Hazelton Township (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township does not have any component units. The Township is not responsible for any jointly governed organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (Continued)

in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Shiawassee County, which advances the Township 100% for the delinquent taxes.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

The 2007 taxable valuation of the Township totaled \$60,866,214, on which ad valorem taxes levied consisted of .9282 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$11,478 to collect the taxes and applicable interest.

The Township also levies 1.4422 mills for Township roads that are recognized in the Road Fund as current tax revenue.

The Township also levies .4903 mills for the Library that are paid directly to the Shaiwassee District Library.

The Township collects special assessments from residents to pay for garbage pickup costs. This amount is recognized in the Garbage Collection Fund as other revenue.

The Township collects a special assessment fee of \$25 from residents to pay for ambulance costs. The amount collected is paid directly to Twin Township Ambulance.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *garbage collection fund* is a special revenue fund that accounts for the collection of special assessments from residents for costs of garbage pickup.

The *road fund* is a special revenue fund that accounts for the collection of a tax levy for the costs of road maintenance in the Township.

The Township reports the following fiduciary funds:

These funds are used to account for assets held in trust or as an agent for others. The Township has one fiduciary fund as follows:

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

Agency Fund

Agency funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The *tax collection fund* is an agency fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets (Continued)

2. *Short-term interfund receivables/payable*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. *Receivables and payables*

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. *Capital assets*

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	40
Fire vehicles	20
Office furniture and equipment	5
Cemetery equipment	5
Fire equipment	5

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets (Continued)

6. *Compensated absences*

The Township does not have a compensated absence policy.

7. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township does not have any long-term debt.

8. *Fund balance*

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Use of estimates*

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund. Budgets were not adopted for the special revenue funds.
6. The budget as presented, has not been amended.

II. Stewardship, compliance, and accountability (Continued)

B. Excess of expenditures over appropriations

For the year ended March 31, 2008, expenditures exceeded appropriations in the following activities:

<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance (Negative)</u>
General Fund:			
General government:			
Treasurer	\$ 3,500	\$ 4,192	(692)
Board of review	1,200	1,320	(120)
General insurance	4,332	5,341	(1,009)
Public works:			
Road maintenance	30,953	81,043	(50,090)

These overexpenditures were funded by the available fund balance in the general fund.

III. Detailed notes on Transaction Classes/Accounts

A. Cash and Investments

Deposits

The Township's policies regarding deposits of cash are discussed in Note I. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

Category 1: Insured by FDIC or collateralized with securities held by the Township (or public trust) or by its agent in its name.

Category 2: Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3: Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

III. Detailed notes on Transaction Classes/Accounts (Continued)

A. Cash and Investments (Continued)

Deposits (Continued)

	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ 61,606	\$ 61,606	\$	\$	\$ 58,936
Savings	214	214			214
Money market accounts	25,000	25,000			25,000
Sweep accounts	<u>383,900</u>	<u>383,900</u>			<u>173,016</u>
Total deposits	<u>\$ 470,720</u>	<u>\$470,720</u>	<u>\$</u>	<u>\$</u>	<u>\$ 257,166</u>

Investments

The Township does not have any investments.

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	<u>\$ 257,166</u>
Cash and cash equivalents:	
General fund	\$ 39,707
Garbage collection fund	21,899
Road fund	214
Tax collection fund	383,900
Checks written in excess of deposits	<u>(188,554)</u>
Total	<u>\$ 257,166</u>

III. Detailed notes on Transaction Classes/Accounts (Continued)

B. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 55,600	\$ _____	\$ _____	\$ 55,600
Capital assets, being depreciated:				
Buildings & improvements	85,493	1,000		86,493
Fire vehicles & equipment	282,192	3,945		286,137
Cemetery equipment	6,204			6,204
Office equipment	19,727	328		20,055
Total capital assets being depreciated	<u>393,616</u>	<u>5,273</u>	<u>_____</u>	<u>398,889</u>
Less accumulated depreciation for:				
Buildings & improvements	(85,493)	(100)		(85,593)
Fire vehicles & equipment	(171,181)	(25,149)		(196,330)
Cemetery equipment	(6,204)			(6,204)
Office equipment	(19,727)	(33)		(19,760)
Total accumulated depreciation	<u>(282,605)</u>	<u>(25,282)</u>	<u>_____</u>	<u>(307,887)</u>
Total capital assets, being depreciated, net	<u>111,011</u>	<u>(20,009)</u>	<u>_____</u>	<u>91,002</u>
Governmental activities capital assets, net	<u>\$ 166,611</u>	<u>\$ (20,009)</u>	<u>\$ _____</u>	<u>\$ 146,602</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 133
Public safety	<u>25,149</u>
Total depreciation expense-governmental activities	<u>\$ 25,282</u>

III. Detailed notes on Transaction Classes/Accounts (Continued)

C. Interfund receivables, payables, and transfers

There were no interfund transfers during the fiscal year.

The composition of interfund balances as of March 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency fund	\$ 75,452
Garbage collection	Agency fund	<u>39,327</u>
		<u>\$114,779</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation). The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage.

The Township has purchased commercial insurance for all other risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

B. Pension plan

The Township paid \$10,009 plus fees of \$184 to John Hancock Life Insurance Company for a defined contribution plan.

Required Supplementary Information

Hazelton Township
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
-Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes and related interest & fees	\$ 71,658	\$ 71,658	\$ 77,297	\$ 5,639
Licenses & permits	108	108	189	81
Intergovernmental revenue from State:				
State revenue sharing	113,548	113,548	110,287	(3,261)
Annual maintenance fee			4,156	4,156
Charges for services	2,500	2,500	1,000	(1,500)
Interest earnings	3,100	3,100	2,507	(593)
Other revenue:				
Sale of cemetery lots	1,000	1,000	2,200	1,200
Reimbursements			3,252	3,252
Total revenues	<u>191,914</u>	<u>191,914</u>	<u>200,888</u>	<u>8,974</u>
EXPENDITURES				
Current:				
General government:				
Legislative:				
Salaries	31,200	31,200	31,775	(575)
Other wages			350	(350)
Telephone			1,091	(1,091)
Miscellaneous	9,100	9,100	849	8,251
Audit	3,000	3,000	4,025	(1,025)
Dues & memberships			1,085	(1,085)
Supervisor:				
Supplies	100	100		100
Treasurer:				
Supplies	3,500	3,500	4,192	(692)
Assessing:				
Salary	13,517	13,517	11,173	2,344
Supplies			1,019	(1,019)

Hazelton Township
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
-Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
EXPENDITURES (CONT'D)				
Current:				
General government				
(continued):				
Clerk:				
Supplies	1,000	1,000	691	309
Elections:				
Fees	3,000	3,000	1,690	1,310
Supplies			778	(778)
Utilities			150	(150)
Building & grounds:				
Repairs	4,000	4,000	1,092	2,908
Utilities			2,266	(2,266)
All other general government:				
Cemetery:				
Salaries	10,000	10,000	6,750	3,250
Supplies			3,188	(3,188)
Insurance	1,083	1,083	1,100	(17)
Board of review	1,200	1,200	1,320	(120)
General insurance	<u>4,332</u>	<u>4,332</u>	<u>5,341</u>	<u>(1,009)</u>
Total general government	<u>85,032</u>	<u>85,032</u>	<u>79,925</u>	<u>5,107</u>
Public safety:				
Fire protection:				
Salaries			5,800	(5,800)
Supplies & maintenance	20,000	20,000	10,622	9,378
Insurance	18,373	18,373	11,266	7,107
Utilities & telephone			<u>3,937</u>	<u>(3,937)</u>
Total public safety	<u>38,373</u>	<u>38,373</u>	<u>31,625</u>	<u>6,748</u>

Hazelton Township
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
-Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES (CONT'D):				
Current:				
Public works:				
Drain at large	15,000	15,000		15,000
Road maintenance	30,953	30,953	81,043	(50,090)
Street lighting	<u>950</u>	<u>950</u>	<u>741</u>	<u>209</u>
Total public works	<u>46,903</u>	<u>46,903</u>	<u>81,784</u>	<u>(34,881)</u>
Other:				
Pension	10,100	10,100	10,193	(93)
Workmen's compensation			760	(760)
Payroll taxes	2,778	2,778	3,453	(675)
Capital outlays	<u>7,528</u>	<u>7,528</u>	<u>5,272</u>	<u>2,256</u>
Total other	<u>20,406</u>	<u>20,406</u>	<u>19,678</u>	<u>728</u>
Total expenditures	<u>190,714</u>	<u>190,714</u>	<u>213,012</u>	<u>(22,298)</u>
Net changes in fund balance	1,200	1,200	(12,124)	(13,324)
Fund balance - beginning	<u> </u>	<u> </u>	<u>140,664</u>	<u>140,664</u>
Fund balance - ending	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$128,540</u>	<u>\$127,340</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Hazelton Township
Shiawassee County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

Comments and recommendations were not necessary.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, the Township Board, and the Michigan Department of Treasury and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

September 22, 2008